FINAL REPORT

19990203

SPECIALIZED LIVESTOCK MARKETING PROJECT

January 2004
Funded by the Agri-Food Innovation Fund

Prepared by: University of Saskatchewan

AGRI-FOOD INNOVATION FUND

Canada

Saskatchewan

104-03085/

AFIF SPECIALIZED LIVESTOCK MARKETING PROJECT

Project Number 19980203

Final report: December 2003

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SPECIALIZED LIVESTOCK MARKETING PROJECT

TECHNICAL REPORT 2002-2003

1) BACKGROUND AND OBJECTIVES

The objective of this project was to provide information, analysis and facilitation to the specialized livestock industry on marketing and supply chain issues. The intention was to assist the specialized livestock sector through the provision of accurate and timely market information, contacts and market research information, and to develop a base of expertise relevant to the development of the sector over the long-term. The project conducted assessments of market opportunities, assessments of the types of products required in different markets, the supply chain relationships required to meet the market needs and facilitated industry marketing and industry development initiatives. This report summarizes the main activities throughout the project.

2) PROJECT ACTIVITIES

The AFIF funding enabled the establishment of the Specialized Livestock Marketing Research Group (SLMRG) at the Department of Agricultural Economics, University of Saskatchewan. Ms. Ann Cooney was employed as a full time professional research associate for the four year term of this project. Over the course of the project, two M.Sc. research assistants and several undergraduate summer students were also hired to assist in conducting research studies, preparing documents, etc. The SLMRG was headed by Dr. Jill Hobbs, a faculty member in the Department of Agricultural Economics.

a) Research initiatives/publications

A number of research initiatives were undertaken during the four year period of this project. These initiatives were described in detail in previous progress reports and are summarized briefly below.

Bison Marketing Research

Bison is one of the major specialized livestock species in Saskatchewan. As such, it was seen as a priority for research activities in this project. From early on it became apparent that there was very little reliable information on the market for bison in Canada and on Canadian consumer preferences for, attitudes towards and knowledge of bison. Two main research initiatives were undertaken by the Specialized Livestock Marketing Research Group with respect to bison.

M.Sc. Thesis: Consumer Preferences: The Bison Meat Industry

Completed by Ms. Kim Sanderson. Very little reliable information existed on consumer preferences for bison in Canada. This work collected survey data from consumers and assessed consumer knowledge of and attitudes towards bison. The results were written up into a project report that is available on the Department of Agricultural Economics website. Results were presented at professional meetings and have been published in a peer reviewed journal article (see "publications" below). The M.Sc. thesis is available from the University of Saskatchewan.

Bison Marketing Research with the SBA

Building on the results obtained in the first study, a larger consumer research and marketing study was undertaken by the SLMRG through a separate project funded by the Saskatchewan Bison Association through its AFIF funding. An additional M.Sc. thesis was produced from this work (available from the University of Saskatchewan). Working with the Specialty Livestock Value-Added Program at the University of Saskatchewan, 6 value-added bison products were assessed in 7 sets of consumer panels across Canada.

E-Commerce Study

This project assessed the opportunities and constraints of E-commerce for newly developing industries such as the specialized livestock sector. The project was conducted in cooperation with the Estey Centre for Law and Economics in International Trade who provided additional funding. Information was gathered through a survey of firms practising e-commerce and interviews with industry stakeholders. The findings were written up in a report published on the Estey Centre website. One paper has been published and another is forthcoming in peer reviewed journals.

Elk Velvet Antler Study

In response to an industry request for more information on the verifiable properties of elk antler velvet, this study provided a thorough review of the scientific literature regarding the reputed beneficial properties of elk velvet antler. Also, an assessment was made of the information needs of retail outlets selling velvet antler products. A report was prepared and disseminated to industry through the Saskatchewan Elk Breeders Association. The report is also available to be on the Department of Agricultural Economics website. Industry supported this study with additional funding.

Value Chain Booklet

Early consultation with industry, through the advisory group, revealed many questions about the concept of value chains and how they could be applied to the specialized livestock sector. A booklet was produced to help answer some of these questions: "Value Chains: in the Agri-Food Sector: What are They, How do They Work, Are They for Me?" Research for the booklet included two case studies drawn from the specialized livestock sector: a velvet antler producer, and a restaurant-ranch supply chain for specialized livestock products. 1,200 booklets were printed and distributed across Saskatchewan and the prairie provinces. The booklet is also available to on the Department of Agricultural Economics website. Additional funding was obtained from CARDS for this endeavour.

Developing Supply Chains in Infant Industries

An analysis was conducted of the opportunities and constraints facing emerging industries such as specialized livestock when establishing new supply chain structures. This analysis formed the basis of presentations to industry and industry consultation activities. A paper from this analysis was presented at an international conference and was published in the conference proceedings.

Emerging Trade Issues for Specialized Livestock

Discussions with industry revealed that specialized livestock products often face unexpected trade barriers when accessing new markets. An analysis of these barriers was conducted. A

paper based on this analysis was presented at a professional conference and published in the Canadian Journal of Agricultural Economics.

Publications

Sanderson, K. Hobbs, J.E. Kerr, W.A. and Shand, P.J. "Consumer Preferences in the Emerging Bison Industry: Marketing Implications", forthcoming in the *Journal of International Food and Agribusiness Marketing*.

Hobbs, J.E., Boyd, S. and Kerr, W.A. "To Be or Not to B-2-C: E-Commerce for Marketing Specialized Livestock Products", forthcoming in the *Journal of International Food and Agribusiness Marketing*.

Hobbs, J.E., Sanderson, K. and Cunningham, C. (2003). *Bison in the Canadian Market: An Assessment of Consumer Preferences*. Specialized Livestock Marketing Research Group, Department of Agricultural Economics, University of Saskatchewan. Available at http://www.usask.ca/agriculture/agec/publications.htm)

Boyd, S., J.E. Hobbs and W.A. Kerr. 2003. The Impact of Customs Procedures on Business to Consumer E-Commerce in Food Products. *Supply Chain Management: An International Journal,* 8 *3*,195-200.

Hobbs, J.E. and Kerr, W.A. (2001) Managed Trade in Non-Traditional Products – Emerging Issues for Canada's Specialized Livestock Sectors" *Canadian Journal of Agricultural Economics,*48(4):433-442.

Hobbs, J.E. and Sanderson, K. (2001). Partnerships and Profitability in the Bison Industry *Bison Are Back: Proceedings International Bison Conference 2000*, February 2001: 103-118.

Hobbs, J.E., Boyd, S. and Kerr, W.A. (2001) International E-Commerce: A solution to Penetrating Niche Markets for Food? Estey Centre for Law and Economics in International Trade, November 2001. Available at http://www.esteycentre.com

Sanderson, K. and Hobbs, J.E. (2001). *Consumer Perceptions of Bison*, Specialized Livestock Marketing Research Group, Department of Agricultural Economics, University of Saskatchewan. Available at http://www.usask.ca/agriculture/agec/publications.htm)

Cooney, A. (2001). *A Review of Scientific Literature on the Health Benefits of Velvet Antler*, Specialized Livestock Marketing Research Group, Department of Agricultural Economics, University of Saskatchewan. Available at http://www.usask.ca/agriculture/agec/publications.htm)

Hobbs, J.E., A. Cooney and W.A. Kerr, 2000. Developing Supply Chains in Infant Industries: Opportunities and Challenges in Canada's Specialized Livestock Industries. In J.H. Trienekens and P.J.P. Zuurbier (eds.) *Chain Management in Agribusiness and the Food Industry*, 589-598. Wageningen: Wageningen Pers.

Additional Conference Presentations:

Hobbs, J.E., Sanderson, K. and Cunningham, C. (2003). "Bison Marketing: Understanding the Consumer". Presentation to Canadian Bison Association National conference, Regina, November 23.

Sanderson, K. and J.E. Hobbs, 2001. "Measuring Consumer Preferences for Bison: A Conjoint Analysis". Selected paper presented at Canadian Agricultural Economics Society and American Agricultural Economics Association Annual Meetings, Chicago, August 5-8.

Dr. Hobbs organized a session, "Bisonomics", at the International Bison Conference in Edmonton in August 2001.

Dr. Hobbs and Ms. Cooney made a presentation entitled Specialized Livestock Marketing Research, at the Canada-Saskatchewan Agri-Food Innovation Fund Conference in Regina in November 2000.

b) Networking/information sharing

Networking with other AFIF Groups
Throughout the project, meetings and information exchange occurred with other AFIF-funded specialized livestock positions: Murray Woodbury (AFIF Vet Chair, Western College of Veterinary Medicine), Dr. Jag Dhanda (AFIF, meat product development specialist, University of Saskatchewan), Murray Feist (animal Nutrition specialist, SAF) Ray Nixdorf (AFIF industry analyst and production specialist, SAF).

Networking with Industry Stakeholders
Throughout the project, Ann Cooney actively participated in meetings and consultations with specie groups and individual entrepreneurs. This occurred individually, at producer meetings, at events (such as Agribition), by email and telephone. Consultations addressed concerns about marketing, market access, product development and processing and strategic alliances. An effort was been made to assist entrepreneurs in the development of strategic alliances, which will benefit them in the future. Details of these activities and recommendations to the industry have been provided in the yearly progress reports.

Networking with Other Stakeholders
A full list has been provided in previous reports, but this has included Alberta Agriculture and Food – Organic Directorate; consultants working on various projects in the specialized livestock industry; Saskatchewan Food Centre; CARDS Value Chain Initiative; Agribusiness Management Development Program; Saskatchewan Agriculture and Food

Over the four year period of this project, Ann Cooney has worked closely with a number of departments with SAFFR, including (Industry Development Branch; ANGen Cooperative Program; Organic Beef research; Food Safety and Regulation; Food Industry; - Livestock Development Branch; - Ag Research Branch, Marketing Services). She has advised on several

publications, including "Market Opportunities for Organic Beef" and "Food Service Opportunities for Beef, Pork, Bison & Lamb in Saskatchewan & Alberta". Discussions were held with the Saskatchewan Nutraceutical Network regarding marketing issues for nutraceuticals such as elk antler velvet.

c) Facilitation and Market Development activities

Diversified Livestock Alliance

The Specialized Livestock Marketing Research Group participated in an initiative across several specialized livestock specie groups to investigate options for processing and to evaluate the potential of new markets. This project was conducted by the Can West Group in cooperation with specie groups and with input from Ann Cooney. The project investigated the feasibility of a multi-specie processing facility and a market development (export) strategy. The SLMRG provided expertise in project development, funding application, supply chain development, and the formation of a cooperative environment for participating specie groups.

Exploration of a federally approved slaughter facility in Saskatchewan to process specialized livestock

Early on in the project, the Advisory Committee to the Specialized Livestock Market Research Group identified this as a top priority as specie groups need access to a federally approved slaughter facility in order to market products outside of Saskatchewan. An ongoing and significant activity therefore was facilitation and consultation to assist stakeholders, including producer groups and potential processing facilities in exploring options for establishing a federally approved facility in Saskatchewan. Interaction with provincial government and federal government specialists in quality assurance and meat hygiene was also ongoing. Numerous meetings were held with industry stakeholders to assist in this process. The challenges in establishing a viable federally inspected slaughter facility are considerable, as outlined in the 'developing supply chain' papers discussed above. We anticipate that the facilitation and consultation activities undertaken by Ann Cooney have been important in helping industry stakeholders understand the need for business planning when approaching slaughter facilities and made them aware of the need to demonstrate a credible long-term commitment to a facility to encourage investment.

Full details of the facilitation activities undertaken during each year of the project are documented in the yearly progress reports. These include facilitating the development of a business plan for a small stock abattoir, business plan improvement activities focused on a large stock abattoir, assisting the Saskatchewan Elk Breeders Association with the development of short and long-term marketing strategies, assistance and advice to LA Fibres (Llama and Alpaca industry), assistance and advice to entrepreneurs within the reindeer industry; consultations and the dissemination of research information to stakeholders in the goat industry; consultations with individual producers and with the FSIN regarding business planning, alliances and market research in the bison industry; participation on SAFRR steering committees and information dissemination to producers on organic beef; business planning and industry organisational

workshops with the Saskatchewan Katahdin Sheep Association; information and consultation to industry stakeholders regarding hunt farm standards; participation at Agribition (consultation with specialized livestock producers at various booths; delegation of buyers and brokers from Germany; federal and provincial government trade representatives).

d) Committees

Over the four year project, Ann Cooney and Jill Hobbs served on numerous committees related to the specialized livestock sector. These included

- Specialized Livestock Opportunity Areas Group (SAFFR)
- Organic Beef Team Task Force (SAFFR)
- AFIF Specialized Livestock Group
- Steering Committee - Value Added Meats Strategic Research Program, University of Saskatchewan/Agricultural Development Fund, SAFFR.
- Strategic Plan Committee - Bison Research and Development Working Group
- Saskatchewan Value Chain Committee – CARDS
- Alberta Elk Centre of Excellence (Competitive Intelligence Committee)
- Alberta Value Chain Advisory Group – consultations on projects
- Saskatchewan Value Chain Committee – CARDS
- Food Centre Round Table Discussion Group

e) Specialized Livestock Speaking Engagements and Other Conference Presentations

A large number of presentations were made to producer groups and industry conferences throughout the four year project. Full details are provided in the annual profess reports. In summary, there were over 35 such presentations over the course of the project.

f) Press Interviews

Over 13 press interviews on a variety of subjects related to specialized livestock marketing were given by Jill Hobbs and Ann Cooney over the four year period of the project.